

PHILIP MORRIS PRODUCTS, INC.

I N T E R - O F F I C E     C O R R E S P O N D E N C E

Richmond, Virginia

To:            Dr. A. C. Lilly

Date:    February 14, 1990

From:        J. N. Smith

Subject:    JAPAN PRODUCT DEVELOPMENT - 1990 OPERATIONAL PLANS

Objective:    To develop new cigarette products for the Japanese market which will contribute to our growth in this marketplace.

Strategies:

1.    Develop new cigarette products that meet PMKK's planned product introductions.    The 1990 planned introductions are as follows:
  - o    Lark Milds KS Box (5-Pack Carton)                      2/90
  - o    Merit Lights Menthol KS Box                                5/90
  - o    Va. Slims Lights Menthol 100's SP                        6/90
  - o    Chesterfield KS Box    8/90
  - o    Battistoni KS Box    3 Qtr., 1990
  
2.    Develop new cigarette products to anticipate Japan's consumer trends and/or provide a marketing advantage.    The 1990 priorities are as follows:
  - o    Nippon Art
  - o    Low Sidestream
  - o    Menthol
  - o    Alternative Filter Configurations
    - Concentric
    - Fluted
  - o    Superslims
  - o    Ultra Low Tar

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3. Maintain and/or enhance the subjective, analytical and physical performance of existing products in the Japanese marketplace. The 1990 priorities are as follows:

- o Lark
  - o Tar Level
  - o Blend
  - o Filter
- o Marlboro/Marlboro Lights
  - o Tar Level
  - o Blend
- o Carbon
  - o Activity Level
  - o Particle Size
  - o Impregnation
- o Filters
  - o Replacement of Black Tow
  - o Carbon on Paper/CA Web

4. Continue to improve our understanding of the Japanese market through the following:

- o Interpretation of market sales data and demographics.
- o Continue to conduct an annual switching study.
- o Increase our knowledge of the types of blends, flavors, filter systems and delivery levels acceptable to the Japanese consumer.
- o Interface with PMKK Marketing and Sales personnel, import agents, haiso and retailers.

#### Resource Allocations

The current and projected resource allocation is shown below.

##### Japan Product Development

Project Leader	1
Product Development Engineer	2

##### Outside Resources Required

Semiworks  
CTSD  
PED  
Cigarette Technology  
Flavor Development  
Leaf  
Manufacturing/Operations Support  
Engineering  
PMKK Marketing and Sales

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Technology Transfer

Transfer product specifications for product modifications on Japan Marlboro KS SP and Box, Marlboro 100's SP and Marlboro Lights KS SP and Box to Japan Tobacco in February, 1990.

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J. N. Smith

JNS:da

cc: R. P. Heretick  
S. B. Nelson

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